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Interim report on results-based budgeting for the biennium 2002-2003

Report of the Secretary-General*

Summary

This report has been prepared in response to General Assembly resolution 56/253 of 24 December 2001.

The programme budget for the biennium 2002-2003 is the first programme budget formulated fully in accordance with the results-based budgeting concepts, namely: (a) the articulation, prior to implementation of the programme, of objectives, expected accomplishments, indicators of achievement and external factors, in addition to the listing of outputs and resource requirements; and (b) the requirement to measure results arising as a consequence of the outputs delivered.

The lessons learned and experience gained in devising and applying data-collection methods for measuring results point to a need for (a) fuller application of the logical framework for designing and implementing programmes; (b) continuous support and guidance to departments in their management for results; and (c) utilization of findings for decision-making with respect to policies, procedures, programme design, implementation, monitoring and evaluation.

Learning by doing has been a key factor in moving forward the implementation of results-based budgeting. Much progress has been made during the first year of the programme budget for the biennium 2002-2003 in terms of increased understanding of what needs to be done for the Organization to become fully results-oriented.

* Submission of this document was delayed, owing to the need for extensive internal consultations.

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I. Introduction

1. In its resolution 55/231 of 23 December 2000 on results-based budgeting, the General Assembly endorsed the recommendations of the Advisory Committee on Administrative and Budgetary Questions (see A/55/543) regarding the report of the Secretary-General on results-based budgeting (A/54/456 and Add.1-5), including the recommendation that the Assembly approve the proposal of the Secretary-General to proceed with the use of indicators of achievement in the programme budget. The programme budget for the biennium 2002-2003 was prepared accordingly.

2. In that resolution, the General Assembly also requested the Secretary-General to undertake a detailed analysis of the information, management control and evaluation systems required to implement the proposals contained in his above-mentioned report and of the capacity and limitations of existing systems. The detailed analysis appeared in the annex to the introduction of the Secretary-General's proposed programme budget for the biennium 2002-2003 (A/56/6 (Introduction)). In the analysis, the Secretary-General indicated that he intended to submit an interim report towards the middle of the biennium on progress made regarding the collection of performance data for the indicators of achievement. The purpose of the report is to keep Member States informed of experience to date in devising and applying data-collection methods. It was pointed out that, in some cases, the indicators of achievement proposed in the programme budget for the biennium 2002-2003 might require further refinement in the light of that learning experience.

3. The General Assembly, in its resolution 56/253 of 24 December 2001, endorsed the recommendations of the Advisory Committee, including its comments regarding the need for such an interim report, which, in its view, should also review the issue of linking information and financial systems and include an indication of how the performance of any given programme will be evaluated.

4. The present interim report has been prepared in response to that resolution. Attention is also drawn to the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation (ST/SGB/2000/8), the reports of the Secretary-General on results-based budgeting (A/53/500 and Add.1 and A/54/456 and Add.1-5) and the reports of the Advisory Committee[1] and of the Committee for Programme and Coordination thereon[2]. Reference is also made to the forthcoming transmittal by the Secretary-General of the report prepared by the Office of Internal Oversight Services on implementation of all provisions of General Assembly resolution 55/231 on results-based budgeting and the report of the Joint Inspection Unit on results-based budgeting and the comments of the Secretary-General thereon (A/57/372).

II. Background

5. The budget document at the United Nations is a commitment by Member States to financing programmes, and by the Secretariat to implementing them, in accordance with legislative mandates. Results-based budgeting requires the use of the budget document as an instrument for determining the expected accomplishments/results (this term will be used throughout the report

interchangeably with "expected results" or "results") prior to implementation of the work that is to be carried out within the approved budget level. Much the same as at the national level, where the budget document is being used to determine whether or not government programmes will be making a difference in the lives of their citizens, at the United Nations, results-based budgeting is also being used to determine whether or not United Nations programmes are making a difference to Member States, regions, populations, communities, organizations and individuals.

6. Following the approval of the programme budget for the biennium 2002-2003, which was the first programme budget that reflected fully the results-based budgeting concepts, the Secretary-General was of the view that the implementation of results-based budgeting would require concerted efforts to facilitate programme managers and staff in measuring the results of their work. Programme managers were expected to implement results-based budgeting not as an exercise separate from the implementation of their programme of work, but rather as an exercise to be conducted simultaneously with it. It was also recognized that the establishment of a new system would require additional resources for the start-up costs related to the conduct of training, preparation of manuals and guidelines and subsequent support and guidance to be provided to departments.

7. To this end, a project was developed for work related to the implementation of results-based budgeting. The funding for the preparation of a training manual with the assistance of consultants, the organization and conduct of workshops, the travel costs related to workshops at offices away from Headquarters during 2002, and related work to be carried out in 2003 with respect to data analysis, interpretation of findings and recommendations for future action, was made possible by the United Nations Fund for International Partnerships. The goal was to train and support staff at all duty stations.

8. Following the preparatory work and consultations, including with the Office of Internal Oversight Services, in connection with issues to be addressed and the issuance of a training manual, the conduct of workshops began at the end of May 2002 and continued until the second week of August 2002, with the focus on steps required for the measurement of results. The workshops were conducted by a group of programme budget officers from the Programme Planning and Budget Division, with the assistance of a number of staff from the Office of Internal Oversight Services and four consultants. The workshops were organized for individual departments at all duty stations, with the focus on reviewing the indicators of achievement related to their subprogrammes. There are approximately 140 subprogrammes, 525 expected accomplishments and 864 indicators of achievement in the programme budget for the biennium 2002-2003. A total of 65 workshops, including a number of short briefings, have been held in 2002 with approximately 1,230 participants. Virtually all subprogrammes were represented by participants in the workshops.

9. Following the workshops, a questionnaire was sent to all departments and offices requesting their input into the present report. The departments and offices were asked a number of questions on the measurement of their expected accomplishments, with respect to decisions taken on the establishment of baseline data and targets, data collection and methods for the collection of data. They were also requested to provide information on problems encountered or anticipated, as well as information on issues that need to be addressed. Responses were received

from all except one department. An analysis of the outcome of the workshops and responses to the questionnaire is reflected in the section below.

III. Experience gained and lessons learned

A. General

10. During the course of the one-day workshops, the participants were briefed on the legislative mandates for the implementation of results-based budgeting and the fact that it was part of the Secretary-General's programme of reform aimed at a fully results-oriented Organization. It was pointed out that results-based budgeting was currently being practised by many countries and organizations and that it took up to eight or ten years for it to provide meaningful information for performance measurement and decision-making. The United Nations was therefore participating in an exercise that reflected the approach taken, or on the way to be taken, by many Member States at the national level, namely Australia, Austria, Brazil, Canada, Chile, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Republic of Korea, Singapore, Spain, Sweden, Switzerland, Turkey, the United Kingdom of Great Britain and Northern Ireland and the United States of America. Results-based budgeting, or elements thereof, are also being implemented by a number of organizations of the United Nations system, namely the United Nations Development Programme, the United Nations Population Fund, the United Nations Children's Fund, the International Labour Organization, the Food and Agriculture Organization of the United Nations, the United Nations Educational, Scientific and Cultural Organization, the World Health Organization, the International Civil Aviation Organization, the International Maritime Organization, the International Telecommunication Union, the Universal Postal Union, the World Meteorological Organization, the World Intellectual Property Organization, the United Nations Industrial Development Organization and the International Atomic Energy Agency.

11. The workshops reviewed the logical framework for planning and implementing work programmes of the United Nations, bearing in mind the definitions that have been approved by the General Assembly. It is noted that at the national level and at the organizations of the United Nations system, there are slight differences with terminology but the primary goal is for implementers of the work programme to look beyond the delivery of outputs by focusing on expected accomplishments/results of those outputs.

B. Logical framework

12. The use of the logical framework for programme design and of indicators for measurement of performance is not a recent innovation, but it has been given a new impetus as a result of public sector reforms. It is noted that many projects funded from extrabudgetary resources have been applying the logical framework on a consistent basis, since most donors require reports on results that have been achieved as a consequence of their funding and to be used as a basis for future funding.

13. At the United Nations, each subprogramme contains objectives, expected accomplishments, indicators of achievement, external factors and outputs, with all these elements constituting an interrelated whole within a logical framework. Objectives express the overall desired outcome of a subprogramme and form the foundation for programme design. Expected accomplishments/results are more specific and reflect benefits or changes that result from the outputs delivered. The outputs are concrete products or services delivered by the Secretariat. Indicators of achievement measure the extent to which the expected accomplishments have been achieved and external factors reflect conditions or events that are beyond the control of the programme for successful implementation. Clear linkages of each of those elements are essential for the implementation of results-based budgeting.

14. The measurement of results provides Member States and senior managers with information for decision-making on future direction of the programmes and subprogrammes or on modifications that might be necessary, in terms of the type of activities to be undertaken, outputs that should be delivered or adjustments that might be necessary in the mix of resources for ensuring that the expected results occur.

15. The objectives expressed in the medium-term plan for the period 2002-2005 and in the programme budget for the biennium 2002-2003 have been approved by the General Assembly and form the basis for the design and implementation of programmes and subprogrammes. In both documents, the Secretary-General pointed out that implementation of United Nations programmes was a collective responsibility and the objectives would only be achieved if Member States and the Secretariat worked in harmony. The recognition of collective responsibility is crucial, otherwise the raison d'être of the programmes might need to be examined further.

16. Most objectives articulated in the medium-term plan and in the programme budget are not time-bound and are of an ongoing nature (such as conflict prevention, increase in awareness and understanding of issues, strengthened international cooperation, improved capacity), unlike expected accomplishments, which are to be achieved generally within a limited time frame as a consequence of the outputs delivered for each biennium.

17. An important outcome of the workshops was the realization by participants, through use of the logical framework, that some of the expected accomplishments were not as clear as they could be and would need further refinement in order to reflect more accurately the direct consequence of the subprogramme's outputs and services. It was recognized that expected accomplishments need to be carefully formulated, particularly since there are different stages from output to result, with the subprogramme having less control the further up the hierarchy one goes. Clearly managers are responsible for more than just delivery of an output, but to be held accountable, for example, for improved trade practices, respect for human rights, compliance with conventions and treaties, would be unreasonable. The challenge is to find an optimal level of accountability for the results, bearing in mind that it is not a question of results being attributable to the United Nations, but rather a question of the contribution that the outputs are expected to make towards those expected results.

18. Indicators of achievement can be established at different levels — at the level of objectives, at the level of expected accomplishments or at the level of outputs. At

the United Nations, indicators of achievement are aimed at measuring the expected accomplishments of each subprogramme and are intended to provide a guide for managers and implementers of the subprogramme to ensure that those expected accomplishments occur as a consequence to their outputs.

19. The selection of indicators has proven to be a difficult exercise. Among the difficulties listed by departments was the quantification of, for instance, policy advice, good offices or consensus-building. For those indicators and others that expressed "contribution", "increased cooperation", "systematic improvement", "progress made", "timeliness", "transparency", a strategy to add the phrase "as evidenced by" was recommended to make them more measurable. For instance, an indicator that was worded "contribution of advisory services to strengthening local and national capacity to formulate and implement effective policies and programmes" would be made measurable by adding the phrase "as evidenced by the number of policies and programmes formulated in the area of...". Many participants welcomed this solution as a way to change abstractions into something more measurable. Furthermore, they recognized that more explicit and measurable indicators were also necessary for clarifying not only the nature and scope of outputs that should be delivered, but also the different categories of end-users or beneficiaries of those outputs.

20. Another difficulty was the paring down of large numbers of indicators to a few key or strategic ones that would be meaningful for decision-making. According to practitioners of results-based budgeting and performance measurement, it is not unusual for programme managers initially to establish large numbers of indicators that are believed to be necessary for determining whether a programme is working well or not and whether it is on target. However, with further training and greater experience, it is expected that programme managers will be able to develop a few strategic indicators to measure their accomplishments.

21. Departments have also pointed out that, in many instances, the results of some of the work carried out by the Secretariat may not be seen for several bienniums, particularly with respect to changes in attitudes, behaviour or conditions, in terms of, for instance, respect for human rights, adoption of policies and legislation, or eradication of poverty, and therefore are difficult to measure. While this is a real concern, ways need to be found through, for instance, more realistic and attainable results within the time frame of the budget period. The practice of ongoing performance measurement and performance management is necessary because the United Nations should be able to demonstrate the value of programmes and how they generate benefits, not ten years hence, but now.

22. With respect to the question of outputs, there are not many changes that can be made to the type of products or services that departments deliver, but results-based budgeting requires a critical review of those outputs and their associated resources to ensure that they contribute to the expected accomplishments. For the preparation of the proposed programme budget for the biennium 2004-2005, an item-by-item examination of outputs is expected to be made, not only for the purpose of selecting those that contribute to achieving results, but also for determining, in compliance with the Regulations and Rules Governing Programme Planning, activities that might have become obsolete, of marginal usefulness or ineffective.

23. While the workshops focused on data collection for measuring results, the need to pay greater attention at the outset to application of the logical framework became

more evident as participants began reviewing their indicators of achievement. They recognized that clearly stated objectives at the beginning of the planning process would facilitate the determination of expected accomplishments, selection of the most appropriate outputs for achieving them and establishment of indicators for measuring those accomplishments.

C. Data collection

24. For the measurement of results, it is necessary to determine how often (frequency) and when (schedule) data should be collected. It is first necessary to establish a baseline period from which to compare the progress of work. Baseline data are required on the situation prior to implementation of the subprogramme's activities and delivery of outputs. Targets also need to be established in order to demonstrate the change that is expected to occur as a consequence of the outputs delivered within a certain time frame. In this connection, baseline data to be used do not necessarily have to reflect the situation as at the beginning of the current biennium. Data reflecting the situation in previous bienniums could be used as a baseline in order to show the progression or trend towards achieving results expected within a given biennium.

25. Departments drew attention to some of the difficulties encountered with establishing baseline data and targets for the biennium 2002-2003 as follows: time and resources needed for the systematic conversion of raw data into usable baseline data for measurement (Department of Political Affairs, Department of Peacekeeping Operations, Office for Outer Space Affairs); dependency on accurate data from Governments, civil society and the public (Department of Economic and Social Affairs, United Nations Environment Programme, United Nations Development Programme, United Nations Relief and Works Agency for Palestine Refugees in the Near East); incompleteness of certain records (Office of Legal Affairs); quantification of policy advice, advocacy, awareness and of facilitation of consensus-building and its use as a baseline (United Nations Conference on Trade and Development, UN-Habitat, Office for Drug Control and Crime Prevention, United Nations International Drug Control Programme); inadequate feedback from end-users (all departments); external dependency is high (Economic Commission for Africa, Economic Commission for Europe); lack of clarity in some indicators (Economic and Social Commission for Asia and the Pacific, Office of the United Nations High Commissioner for Human Rights, Office for the Coordination of Humanitarian Affairs, Office of the United Nations High Commissioner for Refugees); time-consuming (almost all programmes); variance in the number of requests received from Governments from year to year, making it difficult to measure change (Economic Commission for Latin America and the Caribbean, Department for Disarmament Affairs); different baseline data standards for member countries (Economic and Social Commission for Western Asia); data not systematically collected in the past and need to be collected for the first time (Department of Public Information, Office of Human Resources Management, United Nations Office at Nairobi); databases need updating (Office of Internal Oversight Services). At the same time, some departments were able to offer solutions to address the difficulties encountered by them.

26. In some cases, specific data are readily available for establishing baselines, since the selection and delivery of outputs to effect change have been based on

information and data gathered about the particular situation which needed attention by the subprogramme. In the economic and social areas, for example, the current situation with regard to many economic and social concerns in developing countries is known and in many cases the Secretariat clearly understands what needs to be done in order to comply with legislative mandates for addressing those problems. Those programmes would now be expected not only to deliver their outputs, but would also be required to establish targets for measuring the change effected.

27. In other cases, however, while problems in the various sectors are known to the Secretariat, there is no systematic collection of data related thereto. Outputs and services have been delivered, in compliance with legislative mandates, but there had been no evidence collected on a systematic basis to demonstrate that any change had taken place as a consequence of those outputs and services.

28. There are 864 indicators of achievement in the programme budget for the biennium 2002-2003, including subsets of indicators where those indicators require collection of more than one set of data. Of the total number of indicators for which data are currently available (605), departments have taken decisions (a) on baselines for 75 per cent of them, and on (b) targets for 50 per cent of them. Of the 259 indicators for which data are currently not available, decisions have been taken on data to be collected for 40 per cent of them. At the same time, it should be understood that the reliability, validity and usefulness of some of the data to be collected for the current biennium would need improvement, following further training and experience. The table below provides more detailed information as regards data, frequency and sources.

Results of survey of programme managers' progress in developing data for indicators of achievement

Indicators with available data (605)	*Percentage*	*Indicators without available data (259)*	*Percentage*
Baseline data decided	75	Data to collect decided	40
Target data decided	50	Data collection frequency decided	41
Frequency of data collection decided	71	Data collection timeline decided	37
Data through official records	46	Data through official records	14
Data through internal records	51	Data through internal records	22
Data through other documents	34	Data through other documents	12
Data through interviews	13	Data through interviews	5
Data through survey	20	Data through survey	25

29. Departments have been encouraged to use as much pre-existing data as possible before seeking new data for measuring results, bearing in mind the time and resources that might be needed for collecting new data. Existing data available for carrying out the activities of a subprogramme can be realigned or reorganized for measuring results so as to facilitate management and policy decisions. It was stressed that the data must be useful not only to programme managers, but also to the staff implementing the work. In other words, the data should tell the story about the results of each subprogramme: not what the staff did, or what is interesting to

know, or what is needed for reporting requirements, but rather, what benefits were received by the end-users and whether expectations were met.

30. The burden of collecting data to measure results, in addition to their ongoing work, was repeatedly raised by participants at the workshops. However, if programme managers are to be accountable for implementing legislative mandates, the availability of performance data would not only provide evidence for determining whether or not the expectations of the programme were met but would also, in any event, be necessary for implementing their work programmes. Programmes that are managed well are also programmes that have good data and information on what has been, and is to be, achieved. Performance measurement is the basis of performance management, which requires the focus to be on meeting certain targets, reflecting the Secretary-General's goal that the Organization be fully results-oriented. The Office of Internal Oversight Services has been promoting, and will continue to promote, self-monitoring for the sake of good management and not just for oversight purposes.

31. The need to gather data for implementation of results-based budgeting is expected to prompt a more concerted effort to ensure that the work goes beyond just the delivery of outputs. The collection of performance data has also prompted a closer review of the indicators and has, in many cases, given rise to a deeper understanding of what exactly should or could be measured. It is anticipated that, with further experience, the development of indicators will improve and in turn the collection of data will be facilitated.

D. Data-collection methods

32. The workshops included discussions on typical data-collection methods for measurement of results, such as the review of official records, internal records and other types of information, including the media, and the conduct of surveys and interviews. It was pointed out that there were advantages and disadvantages in selecting which method to use, but that the main considerations for identifying the method included availability, validity and reliability of data. The question of sampling was also addressed, in the event that the target population was too large for the collection of data.

33. For the formulation of questionnaires when conducting surveys or interviews, departments have been encouraged to seek assistance from the Evaluation Section of the Office of Internal Oversight Services or from departments that have had good experience in the area of formulating questions and soliciting feedback (e.g. the Department of Public Information). The use of content analysis and the need for coding procedures were also discussed.

E. Information systems

34. Many offices have introduced monitoring tools to improve management of resources. The common aim of these systems is to provide senior managers with an overview of the status of activities and expenditures, so as to track and take action on key management issues. These systems use web based technology and provide real-time information to support the identification of emerging problems that may need attention and/or corrective action. They include: Key Items Management

Reporting System (Department of Management), the programme monitoring system (United Nations Conference on Trade and Development); work plans and implementation tracking system (Office of Internal Oversight Services); electronic correspondence management systems (Department of Political Affairs, Office of the United Nations High Commissioner for Human Rights); diagnostic accounting system (United Nations Office at Geneva); interpreter assignment programme (Department for General Assembly and Conference Management); Corporate Memorandum of Understanding Database system, which maintains records of agreements with other organizations and monitors the status of their implementation (United Nations Environment Programme).

35. The Integrated Monitoring and Documentation Information System (IMDIS) in the Department of Economic and Social Affairs is used by the entire Secretariat for (a) the citing of objectives, expected accomplishments, indicators of achievement, external factors and outputs in the programme budget for the biennium 2002-2003; and (b) for monitoring output delivery for consolidation by the Office of Internal Oversight Services in its preparation of the biennial programme performance report for the past two bienniums. IMDIS has been expanded in 2002 by the Office of Internal Oversight Services to facilitate the recording of plans and tools for data collection for the measurement of results.

36. The use of IMDIS does not, however, obviate the need for the development of appropriate data-collection methods and systems by individual departments for the collection and analysis of data for analysis in order to report on results achieved. Additional enhancements to capture data for the measurement of results and to link IMDIS to other budgetary and financial systems are under discussion between the Office of Internal Oversight Services and the Programme Planning and Budget Division.

37. Collecting data and keeping good records for measuring results are challenges facing the Secretariat. It is expected that concerted efforts will need to be made to find useful ways, including the use of the above-mentioned capabilities, for keeping track of progress made towards the expected results and providing evidence at the end of each biennium for analysis, reporting and decision-making.

38. In an effort to provide ongoing assistance and guidance, the Programme Planning and Budget Division has updated its web site, which now includes information on results-based budgeting. This will be updated on a regular basis and will also provide information on best practices and lessons learned.

F. Analysis and reporting procedures

39. It is anticipated that further workshops will also be conducted in 2003 to facilitate data collection and analysis to measure results and reporting thereon. Data need to be analysed and presented in a way that would help senior managers determine the extent to which expected results were achieved within the level of approved resources. The findings would be used for self-evaluation by programme managers in accordance with the regulation 7.2 of the Regulations and Rules Governing Programme Planning and for decision-making with respect to policies, procedures, programme design and implementation. The findings will also be reported to the Office of Internal Oversight Services for consolidation into the

biennial programme performance report, as modified, to be submitted to the Committee for Programme and Coordination and the General Assembly in 2004.

G. Other issues

40. During the course of the workshops, and in response to the questionnaire for the preparation of the present report, a number of other issues were raised with respect to the programme planning cycle, particularly the exercises related to evaluation (self and in-depth) and monitoring (biennial programme performance). Departments were concerned that measurement of results would mean an additional burden.

41. While in-depth evaluations at the programme level are conducted by th Office of Internal Oversight Services, according to a schedule approved by the Committee for Programme and Coordination, self-evaluations are required to be carried out, at the subprogramme level, by programme managers to determine the relevance, usefulness and effectiveness of their subprogrammes within a medium-term plan period. Self-evaluation may also be conducted on a thematic basis, covering such topics as training seminars, dissemination strategies, publications and technical reports, advocacy campaigns, database and information systems (see transmittal by the Secretary-General of the report of the Office of Internal Oversight Services on strengthening the role of evaluation findings in programme design, delivery and policy directions (A/57/68).

42. Both implementation of results-based budgeting and evaluation facilitate decision-making in terms of what has worked and what has not. While evaluation is aimed at explaining why and how results occurred and to determine successes, failures and what modifications are needed, results-based budgeting focuses on what needs to be implemented in order to achieve expected results. Evaluations may look beyond effectiveness (whether intended results were achieved) to issues of cost-effectiveness, relevance and sustainability. Evaluation is carried out periodically and provides an opportunity to look back and take stock of what has occurred in the past. The measurement of results is an ongoing management responsibility and requires a more forward-looking approach, in terms of using baseline data and moving towards established targets to ensure that the intended results occur.

43. It is recalled that the Committee for Programme and Coordination, at its forty-second session in June 2002, when considering the report on strengthening the role of evaluation findings in programme design, delivery and policy directives, expressed concern about the fact that currently only about half of the programmes of the medium-term plans were self-evaluated, and requested the Office of Internal Oversight Services to strengthen its support to self-evaluation (see A/57/16). To this end, the Office of Internal Oversight Services organized a workshop in September 2002 , with the participation of staff from different departments, to clarify the role of self-evaluation in relation to the implementation of results-based budgeting. The workshop concluded that evaluation carried out by programme managers and their staff — namely self-evaluation as envisaged in the Regulations and Rules Governing Programme Planning — is primarily a management and assessment tool. Self-evaluation is a vital component of the results-based approach, as it can be a major source of information used by programme managers when reporting on results,

justifying changes in direction, identifying lessons learned and preparing programme budget and medium-term plan proposals.

44. The biennial monitoring on programme performance exercise undertaken by each Department has primarily focused on tracking the status of delivery of outputs and monitoring changes made to the programme of work, as presented in the programme budgets. The biennial report, prepared by the Office of Internal Oversight Services on the basis of departmental submissions, is considered by the Committee for Programme and Coordination and provides information on: outputs planned, as programmed or carried over from the previous biennium; additions by legislation and by the Secretariat; total outputs implemented or reformulated; departures from programmed commitments; and implementation rates.

45. In response to the request of the Committee for Programme and Coordination that the biennial programme performance report contain more analysis, an analytical portion has been included in recent years to provide an explanation of the status of implementation. The report of the Secretary-General on the programme performance for the biennium 2000-2001 (A/57/62) attempted to describe the accomplishments realized, even in the absence of indicators of achievement in the programme budget. The biennial programme performance report will require further modification, so as to take into account the measurement of accomplishments during the biennium 2002-2003, on the basis of the indicators of achievement established therein. The Office of Internal Oversight Services has undertaken to examine the current programme performance report and to determine how it can be enhanced to reflect the requirements of results-based budgeting. The Office of Programme Planning, Budget and Accounts and stakeholders will be consulted during this process.

46. The question of benchmarking was not addressed at this time, given the novelty of the results-based budgeting exercise, but it will need to be addressed when the time arrives for comparing the results of similar activities of one department against those of other departments, or against those of other organizations in an attempt to apply best practices and lessons learned.

47. It should be acknowledged that performance measurement does not happen without costs. Costs are more easily identifiable for start-up activities (consultancies, manuals and handbooks, design and conduct of training) but it is more difficult to isolate resources allocated specifically for measurement of results. However, if programmes are well managed, the measurement of results is less costly in terms of time and resources, since systems and procedures are more likely to be in place, or require few adjustments, and staff are routinely determining the effectiveness of their work. If programmes are less well managed, or are new, costs might be higher, since systems need to be established or be substantially improved and staff need more training for the implementation of results-based budgeting. For the majority of programmes, there are no resources specifically allocated for activities related to the measurement of results, or for monitoring and evaluation. The activities involved are expected to be carried out as part of each department's programme of work, as normal management practice.

48. At the central level, however, it is important to have a capacity to promote the implementation of results-based budgeting and performance management on a continuing basis, to provide overall guidance, to share best practices and lessons learned from within the Organization and from outside, and to make available a help-desk function, an Intranet web site and ongoing training and coaching.

Currently, these functions are shared between the Programme Planning and Budget Division and the Office of Internal Oversight Services.

IV. Conclusions

49. At the national level, it takes anywhere between eight to ten years to implement fully results-based budgeting before a stage is reached for effective use of performance data generated by manager and implementers of the programmes for policy and decision-making. At the United Nations, results-based budgeting was applied for the first time in connection with the programme budget for the biennium 2002-2003. There was initially a feeling among some that this was yet another bureaucratic requirement, but there has been a gradual acceptance of the importance of performance measurement and performance management.

50. During the first year of the biennium, much progress has been made in terms of furthering the understanding of the concepts, particularly in connection with the shift in focus from delivery of output to a results-oriented approach. Following the workshops and briefings conducted during the year, there has also been an increased understanding of the logical framework to be used for the design and implementation of the programme of work in accordance with legislative mandates. Learning by doing has been an important factor in moving forward the implementation of results-based budgeting.

51. A major concern expressed during the workshops was the difficulty with attributing results or change solely to the work of the United Nations, since in many cases other actors are involved, whether they be Governments or intergovernmental organizations, organizations within the United Nations system, non-governmental organizations or the private sector. It was stressed, however, that it was not a question of attribution but rather, it was necessary to know whether or not the work of the United Nations contributed to the expected results. If there is no evidence of that contribution, then there is no justification for delivering those outputs and services provided within the programme. A closer scrutiny of the outputs would be necessary.

52. There is increased recognition of the need to make the Organization more effective, and it is expected that the preparation of the proposed programme budget for the biennium 2004-2005 will include continued reinforcement of programmes to enhance their capacity for meeting the United Nations Millennium Declaration goals, in accordance with the strategies outlined in the "road map" (A/56/326). In line with the application of results-based budgeting, programme managers will be critically scrutinizing their activities and associated resources to focus on expected accomplishments. Programme outputs will be subjected to an item-by-item examination to ensure their contribution to the achievement of expected accomplishments.

53. At the same time, there are concerns about the inherent difficulties associated with the measurement of results of some "less quantifiable" aspects of the work carried out by the United Nations. Ways will have to be found also for increasing the response rate from end-users on the quality of outputs. In this connection, the participation of Member States is essential for the measurement of results, since they are the primary end-users of the outputs and services delivered by the Secretariat.

54. The implementation of results-based budgeting in the United Nations is an evolutionary process and there is much to learn and adapt from the experience of national Governments and other entities. The lessons learned in this first year of the current biennium have pointed to a need for improvements in the following areas:

(a) Formulation of objectives at the right level to reflect more accurately the raison d'être of the programmes and subprogrammes;

(b) Expected accomplishments that can be achieved as a consequence of the contribution of the outputs and services delivered;

(c) Establishment of key or strategic indicators for measurement of the expected accomplishments;

(d) Clear linkage between outputs and expected accomplishments;

(e) Systematic collection of data for the purpose of establishing baselines and targets, to measure expected accomplishments;

(f) Link between the results to be achieved and the approved level of resources;

(g) Link between results-based budgeting and implementation of the ongoing work;

(h) Involvement of all levels of staff responsible for implementing subprogrammes in the preparation of the medium-term plan and the programme budgets, particularly with the formulation of objectives, expected accomplishments and indicators of achievement;

(i) Development of skills and capacity to collect and analyse data.

55. It is clear that the implementation of results-based budgeting has prompted managers to take a closer look at the raison d'être of their programmes, particularly in terms of the problems to be addressed, and to systematically track information on the progress made towards solving those problems. All departments have acknowledged and welcomed the need for a change in the management culture by looking beyond the delivery of outputs and services, and focusing more on the results of their work.

56. In order to determine the continuing effectiveness of the Organization, it is important that evidence, in the form of data and analysis, is available for Member States and senior managers when taking decisions on policies and direction of existing and/or new work programmes in compliance with legislative mandates. In order to address persistent problems and to face new challenges, the Organization must be in a position to determine on a continuing basis what it can achieve as well as what it can do.

V. Recommendations

57. **It is recommended that the General Assembly take note of the present report and request the Secretary-General to:**

(a) **Continue improving the implementation of results-based budgeting, particularly with respect to the provision of training and guidance for the translation of legislative mandates into clear objectives, expected**

accomplishments and outputs, including for data collection and analysis of progress made in achieving those accomplishments;

(b) **Ensure that there is an adequate capacity to direct and oversee the implementation of results-based budgeting, including the establishment of robust systems for the measurement of results, and for the issuance of guidelines, handbooks or manuals as appropriate and the use of self-evaluation findings;**

(c) **Continue to present his programme budget proposals in full accordance with results-based budgeting concepts;**

(d) **Provide overall support and guidance to all departments in managing for results;**

(e) **Ensure that the programme performance report for the biennium 2002-2003 is enhanced and modified, so as to reflect the implementation of results-based budgeting and, in particular, to focus on reporting accomplishments realized.**

Notes

[1] *Official Records of the General Assembly, Fifty- sixth Session, Supplement No. 7* (A/56/7); and A/56/7/Add.1-7 (for the final text, see *Official Records of the General Assembly, Fifty-sixth Session, Supplement No. 7A).*

[2] Ibid., *Supplement No. 16* (A/56/16).